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## FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 3/14/05 HB \_\_\_\_\_

SHORT TITLE Racetrack Gaming Machine Operating Hours SB 837/aSFL#1/aSFL#2/aHTRC

ANALYST Ford/Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$8,100.0	\$8,409.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Gaming Control Board  
New Mexico Racing Commission

### SUMMARY

#### Synopsis HTRC Amendment

The House Taxation and Revenue Committee Amendment strikes Senate Floor Amendments 1 and 2. This has the effect of eliminating the distribution of one-half of one percent of the gaming tax to municipalities and counties in which licensed racetracks are located. Thus, the entirety of the revenue increase will be directed o the general fund.

#### Synopsis of SFL#2

Senate Floor Amendment #2 strikes Senate Floor Amendment #1 and provides for a distribution of one-half of one percent of the gaming tax attributable to the net take of gaming operator licenses to municipalities in which licensed racetracks are located for infrastructure purposes or to counties when the racetracks are located in unincorporated areas.

#### Fiscal Impact of Senate Floor Amendments

Senate Floor Amendment #2 redistributes \$300 thousand of the increased revenue from the general fund to certain municipalities and counties, thereby reducing the revenue impact to the gen-

eral fund. \$300 thousand or 0.5% of total expected gaming tax revenues.

Synopsis of SFL#1

Senate Floor Amendment #1 adds a new section to provide for a distribution of one-half of one percent of the gaming tax attributable to the net take of gaming operator licensees to municipalities in which licensed racetracks are located for infrastructure purposes.

Synopsis of Original Bill

Senate Bill 837 increases the hours of gaming allowed from 12 hours to 18, with the provision that the total hours in which gaming machines are operated does not exceed 112 hours in a one week period. It allows tracks flexibility to determine what hours they will be open, as opposed to the noon-midnight hours they are now mandated. The bill increases the gaming tax from 25% of the net take of race track licensees to 26% of the net take. Finally, the bill eliminates language mandating how many live races the tracks had to conduct in 1997.

Significant Issues

The Gaming Control Board notes that the expansion of hours may be viewed by tribal entities as an expansion of gaming, which could conceivably jeopardize continued tribal revenue sharing payments.

**FISCAL IMPLICATIONS**

TRD, DFA and LFC staffs have agreed to a fiscal impact estimate of \$8.1 million in FY06. Racetrack gaming operators are expected to pay approximately \$50 million in Gaming Taxes in FY 2006. The tax rate increase in the bill would increase this revenue by 4 percent or about \$2 million. The increased hours of operation are assumed to generate a 12 percent increase in net take and a \$6 million increase in gaming tax collections.

**ADMINISTRATIVE IMPLICATIONS**

The increase in the gaming tax will require oversight from the Gaming Control Board's Audit and Compliance Division. The increased gaming hours will need to be covered by the Investigations Division and the Gaming Control Boards Information Systems Division.

**EF/lg:yr**